

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 ISO-00 FEA-01 AGRE-00 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-02 AID-05 SS-15 STR-04

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FM AMEMBASSY MBABANE

TO SECSTATE WASHDC 1542

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E.O. 11652: N/A

TAGS: ETRD, WZ

SUBJECT: GSP: FIRST YEAR REVIEW

REF: STATE 67507

1. IT IS DIFFICULT TO ASSESS THE DIRECT IMPACT OF GSP ON SWAZILAND DUE TO A LACK OF RELIABLE, RECENT STATISTICS. HOWEVER, GSP UNQUESTIONABLY PLAYED IMPORTANT ROLE IN ONE OF THE MAJOR SECOTRS OF THE SWAZI ECONOMY -- SUGAR PRODUCTION.

2. IN 1975/75 SWAZILAND EXPORTED 35,882 METRIC TONS OF SUGAR TO THE US; 1975/76 - 31,192 METRIC TONS; 1976/77 - 39,851 METRIC TONS. UP TO THE PRESENT TIME SWAZILAND HAS BEEN ABLE TO SELL ALL REFINEDSSUGAR IT CAN PRODUCE. UNDER GSP SWAZILAND WAS ABLE TO PUSH ITS SUGAR EXPORTS TO US TO RECORD LEVELS.

3. THIS SITUATION HAS CREATED A SENSE OF CONFIDENCE AMONG GOS OFFICIALS AND THEY HAVE DOGGEDLY PUSHED AHEAD A MAJOR DEVELOPMNE PROJECT -- A 3RD SUGAR AREA AND MILL. DESPITE INROADS INTO US DOMESTIC MARKET BY CORN SYRUP SWEETNER AND DECLINE IN WORLD UNCLASSIFIED

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PRICE OF SUGAR, GOS REMAINS FIRMLY WEDDED TO IDEA OF SUGAR PROJECT.

4. REMOVAL OF SUGAR FROM GSP CLASSIFICATION WOULD PRESENT SWAZILAND WITH DILEMMA UNLESS A NEW QUOTA SYSTEM WAS INSTITUTED TO ASSURE SWAZILAND A SHARE OF US MARKET. WITHOUT ITS PRESENT SHARE OF US MARKET

(APPROXIMATELY 20 PER CENT OF TOTAL SWAZILAND SUGAR PRODUCTION) GOS WILL NOT HAVE AN ASSURED MARKET FOR ALL THE SUGAR IT CAN PRODUCE CURRENTLY. THUS, VIABILITY OF PROPOSED NEW SUGAR AREA IS REDUCED.

5. THE ONLY OTHER AREA WHERE GSP HAS PRODUCED ACTIVITY (IF NOT SIGNIFICANT RESULTS) IS IN THE NATIVE HANDICRAFT INDUSTRY. GOS HAS BEEN ATTEMPTING (SO FAR WITH LIMITED SUCCESS) TO ORGANIZE HANDICRAFTS ON A SUFFICIENTLY LARGE SCALE TO PROVIDE STEADY SUPPLY FOR GSP EXPORTS TO THE US. ALSO, SEVERAL PRIVATE FIRMS AND INDIVIDUALS HAVE INVESTIGATED POSSIBILITY OF SHIPPING SWAZI HANDICRAFTS TO US BUT NO ONE SEEMS TO HAVE ORGANIZED A METHOD OF ASSURING RE-SUPPLY AFTER INITIAL SHIPMENT.

6. EMBASSY IS UNAWARE OF ANY "NON-TRADITIONAL" PRODUCTS GOING FROM SWAZILAND TO U.S. DESPITE EMBASSY EFFORTS TO THOROUGHLY ACQUINT GOS MINISTRIES AND PRIVATE BUSINESSES WITH GSP REGULATIONS. WITH THE EXCEPTION OF INCREASE IN SUGAR EXPORTS, IT IS DOUBTFUL IF GSP HAS HAD ANY SIGNIFICANT IMPACT ON SWAZILAND EXPORT PATTERN. WACHOB

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Disposition Approved on Date:
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